



# CFA Institute

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## CFA Institute Research Challenge

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Recommendation: **BUY**

## INVESTMENT SUMMARY

### QOF.SGX Overview

Target Price	\$2.20
Last close	\$1.85
Upside	+18.9%
Market Cap	MYR53.63Bn
Shares Out.	8.81Bn
52-Week High	\$2.23
52-Week Low	\$1.68
P / E (LTM)	29.37x
P / BV (LTM)	2.88x

**Figure 1: Price History Rebased**


We issue a BUY call for IHH Healthcare with a target price of 2.20 SGD. IHH has undergone a period of strategic expansion through M&A and greenfield projects, and is now seeking to reap the benefits of the acquired capital by refocusing on ROE growth. Additionally, the recent completion of non-core asset divestments reflects IHH's ability to recycle its capital through other avenues to fund its cluster-focused expansion strategies. Coupled with cost-saving measures aimed at reducing OpEx and finance costs, we believe that profits, and thus, ROE, will see further growth in the next 18-36 months.

### 1. Refocusing on ROE Growth

**Cluster strategy to satisfy pent-up demand and unlock significant cost savings.** IHH employs a cluster-focused expansion strategy in its home markets. The strategy aims to use hospitals with a wider range of facilities to serve as regional specialization hubs, while other hospitals in the region serve as referral nodes. As such, hospitals work together to form powerful operating synergies in the region via economies of scale. This increases the efficiency of capital employed and reduces ramp-up timelines for new hospitals fueling capital-efficient growth. For instance, IHH's Acibadem in Turkey, which is highly reputed and was rated as the Most Technological Healthcare Brand in 2021, serves as the regional specialization hub for Eastern Europe, situated within a 3-hour flight radius for over 50 countries. Acquired in 2021, Bel Medic hospitals in Serbia further expands the referral network in the region.

**IHH's divestment of non-core assets to aid ROE growth strategy.** IHH disposes non-core assets and underperforming hospitals to recycle its capital on high-growth clusters. For example, the group recently completed the disposal of its entire 50% stake in Apollo Gleneagles Hospital Ltd (AGHL) in May 2021 for RM227m and subsequently its 62% stake in Continental Hospitals Private Ltd in December 2021 for INR3.5b, both of which were part of IHH's Indian operations. Part of the capital will be used to further scale up Fortis Healthcare in the same market. Moreover, IHH expects to complete the disposal of its medical university, IMU, by 1Q23. Other impairments and divestments made are shown in Table 1. By divesting its education arm and other non-core assets, while focusing on core assets and growth regions with its cluster strategy, IHH pursuit of ROE growth has borne fruit, improving >5% since 4Q20.

### 2. Astute expansion strategy through M&A and greenfield projects

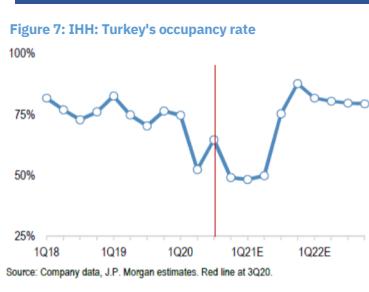
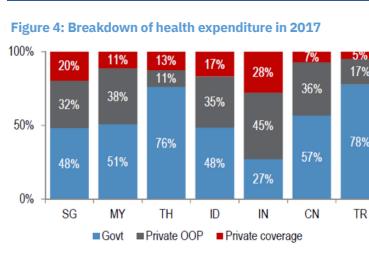
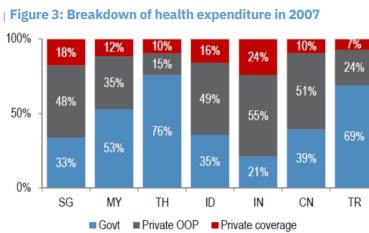
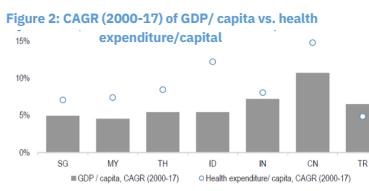
**IHH demonstrates a commendable track record of prudent selection of acquisition, followed by successfully turning the acquired capital around.** IHH acquires assets that are profit accretive and still have room to optimize. For example, IHH acquired Fortis in FY18, accounting for approximately 10% of the group's EBITDA. 6 months after acquiring 31% of Fortis, IHH restructured its debt and reduced interest payments, lowering borrowing costs significantly from 15% to 10-11%. It right-sized staff headcount to reduce labor costs and acquired RHT, Fortis' landlord, allowing cost savings of RM220m p.a. alone. In another case, after acquiring Prince Court Medical Centre, a private specialist hospital in the Golden Triangle area of Malaysia, in the span of 1 year, management turned PCMC from underperforming to positive EBITDA, concurrently winning awards for Medical Tourism Hospital of the Year (globalhealth). IHH's ability to turn around hospitals has fueled its profit growth and will likely continue to do so in the next 18-36 months.

**IHH also continues to expand through greenfield projects, choosing to build new hospitals in regions where high-quality private healthcare infrastructure is lacking.** This is the case for its operations in Greater China, where Gleneagles Hong Kong broke even EBITDA at 200 beds in May 2021, despite having a full capacity of 500 beds. With a majority of initial costs expensed, they are now embarking on ramping up specialized beds, which look to increase revenue intensity and profits in the next 18-36 months. Along with Gleneagles Chengdu and Parkway Shanghai, IHH's greenfield projects are looking to breakeven in the next 36 months. IHH also has selective joint partnerships with local players, such as onboarding Taikang Insurance as an investor in PCH holdings, to secure a larger consumer base in regions it chooses to expand in.

As mentioned above, with the new direction of refocusing on ROE growth, management has slowed down and decreased the amount of greenfield expansion projects down the pipeline. This allows IHH to enjoy profits from its previous greenfield hospitals which have completed ramping up instead of reinvesting profits into capex for new projects.

### 3. Pent-up Demand for healthcare services

**Demand for private healthcare is likely to remain strong due to the growing aging population and rising private insurance ownership.** By 2030, more than 20% of the population will be 65 years old above globally, according to UN data. Moreover, as countries develop, people's expectations of access to quality healthcare services, such as private healthcare, have also increased, as demonstrated by the growth in healthcare spending outpacing GDP growth in developed countries like SG, MY, shown in figure 2.



### 4. Continued development of specialised and premium service offerings

**IHH continues to develop its specialised offerings in areas such as oncology, cardiology and neurology, among many others.** By taking on complex cases and other specialised treatments, the high revenue intensity promotes revenue growth. In 1Q21, the strong recovery in revenue was propelled by robust growth in revenue intensity from more patients seeking treatment from serious ailments after movement control orders (MCO) were relaxed in some home markets. Looking forward, IHH is broadening its service offerings, adopting advanced, up-to-date medical technology, such as Rezum water vapour treatment for prostate gland enlargement common in older men. Thus, as MCOs continue to be relaxed, the premium service offerings put IHH in a good position to capture the recovery of medical tourism, becoming a key growth factor in the foreseeable future.

### 5. Aggressive Cost Savings

**IHH employs a range of cost savings measures aimed at reducing OpEx and finance costs.** IHH vertically integrates supplies and landlords for better economies of scale. The acquisition of health trusts of its hospitals, such as RHT, contributes to savings on lease payments. Operating leading laboratories in its home markets, diagnostic services are a captive service for IHH's chain of hospitals, reducing operating costs spent on diagnostics. By maintaining a healthy gearing ratio of 22% as of FY21, IHH continues to have the ability to further capitalise on economies of scale through acquisitions to reduce costs. IHH also reduces finance costs by negotiating better interest rates, in the case of Fortis, and hedging against forex instability through cross-currency swaps, in the case of Acibadem.

## BUSINESS DESCRIPTION

### Overview

IHH is Asia's largest private healthcare group headquartered in Malaysia, and has global operations in Singapore, Turkey and Europe, India, and China. IHH has 65,000+ employees, 15,000+ licensed beds and 82 hospitals in 10 countries. The Company's segments include Hospital and healthcare, IMU Health, PLife REIT, and Others. Its portfolio of brands includes Acibadem, Mount Elizabeth, Prince Court, Gleneagles, Fortis, Pantai, Parkway and IMU. These brands offer its patients comprehensive and personalized care ranging from primary to quaternary, and even ancillary services, such as laboratories, diagnostics, imaging, and rehabilitation. It provides day-to-day healthcare services through outpatient treatment, routine check-ups, and vaccinations. Its secondary care comprises specialist consultation, local surgeries, emergency care, laboratory services, diagnostics, and acute treatment.

### Shareholders Structures

The largest shareholder of IHH healthcare is Mitsui of Japan (MBK healthcare Management Pte Ltd) with 32.8 % of the shares, followed by investment house Khazanah Nasional Bhd with a 25.74% stake.

Shareholders		
Name	Equities	%
Mitsui & Co., Ltd.	2,888,487,400	32.8%
Khazanah Nasional Bhd. (Investment Company)	2,284,536,356	25.9%
Employees Provident Fund	882,971,600	10.0%
Permodalan Nasional Bhd.	429,064,100	4.87%
Mehmet Ali Aydinlar	411,323,132	4.67%
Kumpulan Wang Persaraan	299,174,800	3.40%
Kuwait Investment Authority (Investment Management)	150,000,000	1.70%
Aydinlar Family	112,787,041	1.28%
Public Mutual Bhd.	103,658,800	1.18%
BlackRock Fund Advisors	74,459,450	0.85%

Source: Marketscreener.

Figure 9: IHH: Number of Operational Beds



Figure 10: IHH: Number of Hospitals



Figure 11: IHH: Number of Inpatient Admissions

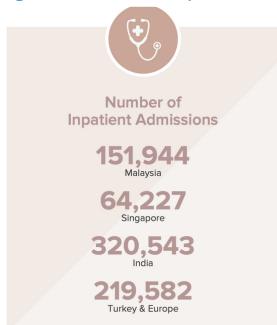
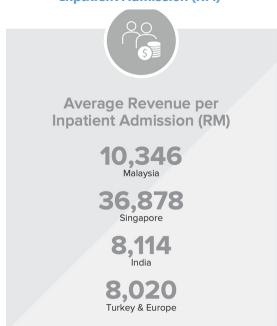


Figure 12: IHH: Average Revenue per Inpatient Admission (RM)



## INDUSTRY OVERVIEW & COMPETITIVE POSITIONING

**Economic landscape:** Due to rising energy prices, supply chain disruptions and widespread wage pressures inflation is expected to remain, resulting in higher operational costs. Government healthcare expenditure is expected to rise in Malaysia and Singapore in the endemic COVID-19 period. While demand for private healthcare is high, affordability to healthcare remains a priority. In response to this, IHH will position itself for the recovery of business as usual (BAU) services. This will be achieved through utilising their global scale to extract synergies and improve operational efficiencies. IHH will enable capital growth by identifying and evaluating new and existing cluster opportunities that are earnings accretive to IHH. IHH will also expand on their laboratory services and partnerships with public health organisations and use digitalisation to lower operational costs and increase quality of service in the next 36 months.

**Strong demand for private healthcare:** The elderly population of Asia is expected to reach over 923 million by 2050. As such, due to a rise in chronic diseases and co-morbidity, demand for private healthcare will rise. Especially with rising affluence, patients now demand personalised, efficient, and seamless healthcare experiences, IHH must be well positioned to capture these opportunities. As such, IGG growth strategy is driven by 5 engines that are:

Recovering from COVID-19: Increasing volumes and occupancy to pre-pandemic levels as situation normalises.

Achieving organic growth: Improving bed occupancy and utilisation of existing capacity.

Acquiring strategic assets: Based on cluster strategy and to adjacent markets.

Developing our laboratory business: As a global laboratory platform.

Driving innovation and digital transformation: Through digital and health tech platforms with US\$100 million allocated from 2022-2025.

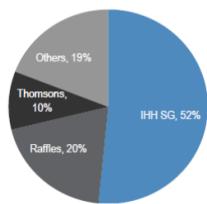
**COVID-19 Impact. Health crises like these will result in a rise in staffing and consumables cost.** In such times, doctors and patients would need to postpone non-urgent procedures which would take a toll on the healthcare industry financially. IHH staff and patients working at the frontline would be placed at risk. In response to this, IHH shall diversify their business by improving laboratory business, as shown in Appendix Figure 3, to aid with COVID-19 testing moreover it has undertaken several COVID-19 related services such as taking in COVID-19 patients, vaccination projects, border screenings and more. Percentage of revenue that COVID-19 related services is shown in Appendix Figure 2. This diversity applies across geographies. For instance, in Turkey and India where COVID-19 services dropped in Q3 2021, it experienced a rebound from non-COVID business due to high demand for private healthcare.

**Shifting preference to digitally enabled, convenient and seamless clinician patient interactions.** Due to COVID-19 consumers feel challenged and increasingly determined to be more active, engaged and empowered in managing their healthcare needs. There are more consumers using technology to monitor health. Virtual visits are more frequent and would remain so. In response to this, IHH had a strategic investment in a digital healthcare platform called Doctor Anywhere (DA) such that specialist from four of IHH's hospitals in Singapore – Gleneagles, Mount Elizabeth, Mount Elizabeth Novena, and Parkway East – can offer teleconsultations. This complements the brick-and-mortar operations that enables IHH to deliver quality service anywhere. IHH has prepared US\$100 million in CAPEX for the next 3 years for healthcare initiatives. IHH shall train their clinical staff to develop digital competency.

**Recruitment and retention of skilled healthcare professionals amid a competitive landscape.** Demand for skilled healthcare professionals has significantly risen, especially with the COVID-19 pandemic. Higher rates of burnout further exacerbate shortage in healthcare professionals -- 1,500 healthcare workers resigned in Singapore during the first half of 2021, compared to 2,000 annually before the pandemic. About 4.7 million additional health workers will be needed in Southeast Asia alone to achieve adequate coverage, according to WHO. The labour shortage faced by the industry contributes to greater labour costs to retain employees. Through competitive remuneration packages and career development opportunities, along with its well-established reputation garnered over the years, IHH retains workers while keeping labour costs minimal using digitalisation and technology to increase worker productivity.

**Public and private partnership.** COVID-19 underscores the importance of public and private partnerships in addressing healthcare emergencies efficiently and effectively. Mutual trust and collaboration between the private and public sectors are now key to sustaining the healthcare ecosystem. Therefore, IHH is very active in engaging the public healthcare system to lend support, being one of the first healthcare groups to take in COVID-19 patients. At Turkey's Dalaman YDA Airport, Acibadem PCR Laboratory has been operating since 1 June 2021 and performs PCR tests for passengers 24/7. Furthermore, Singapore's Changi Airport Group awarded Parkway Laboratory Services the contract to provide Polymerase Chain Reaction (PCR) tests for arrival travellers at Changi Airport from November 2021.

Figure 13: SG: Market share of private acute beds (2020)



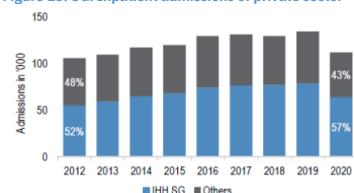
Source: MOH Singapore, Company data

Figure 14: SG: Market share of private beds (2020)



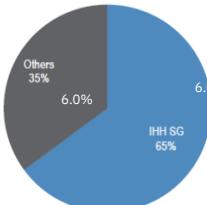
Source: MOH Singapore, Company data

Figure 15: SG: Inpatient admissions of private sector



Source: MOH Singapore, Company data

Figure 16: SG: Breakdown of private specialists (2019)



Source: MOH Singapore, Company website

Figure 17: IHH's turnaround plans for India

Proposed divestment of non-core assets :

- 28.89% Stake in MSCL (SPA signed on May 17, 2019)
- RHT\* / Stellant Capital\*\*
- Select other non-core assets

Better working capital management

Ongoing dialogue with Banks for refinancing existing debt to further reduce costs

Non- core asset divestment as above

- Simplified organisation structure
- Manpower productivity and cost optimisation
- Synergies via procurement, Supply Chain, IT infrastructure and Services



## Competitive Positioning | IHH has scale/branding advantage

**IHH dominates the private hospital space in Singapore, with 52% market share in 2020.** Although IHH's market share of private beds declined from 59% to 52% during 2012-20, its market share of inpatient admissions increased from 52% to 57%. We believe this is due to IHH's specialties in tertiary and quaternary care, where there is no close substitute in Singapore. In addition, 65% of private specialists worked in IHH, which helps in attracting patients to IHH.

**IHH employs 65% of Singapore's private experts,** which is a quality we associate with a strong market leader. Since physicians' reputations tend to draw patients, they are viewed as assets. As a result, a hospital's capacity to draw physicians plays a key role in securing or capturing market share. IHH's ability to hire the bulk of Singapore's private experts is another sign that its hospitals are properly furnished with cutting-edge tools and facilities.

Analysis against competitors: Over the past ten years, **IHH and KPJ's market shares have stayed constant.** In Malaysia, IHH owns 16 hospitals and controls 15% of the market for private beds. KPJ controls 28 hospitals and holds a 19% market share. Despite KPJ having a bigger market share, IHH had almost twice as many inpatient admissions as KPJ.

IHH generates somewhat more money on average each inpatient hospitalization than does KPJ. In Malaysia, IHH has a number of brands that target middle-class to upper-class consumers, whereas KPJ serves the middle class. Please refer to Table 13 for a comparison of daily hospital room rates.

**IHH offers a variety of hospital sizes and brands to serve patients from different financial brackets.** IHH has three distinct brands that serve domestic patients (of middle to high income) as well as medical tourists and expats (100-bed Parkway East, 260-bed Gleneagles, and 300-350-bed Mount Elizabeth). For a comparison of daily room prices, see Table 9.

As compared to its closest competitor, IHH has a more directed management with a clear strategy, it is able to better segment its services according to different classes of people, it is also able to drive better cost management and profit services

## FINANCIAL ANALYSIS

### Revenue and Profitability (Regional)

The bulk of revenue from IHH stems from its core healthcare services operations globally. Given this business structure, we forecast revenue through IHH's operating regions. Across all geographical regions, hospitals are experiencing large increases in patient admission due to pent-up demand from patients delaying their medical procedures.

### Past cluster strategy to satisfy pent up demand from medical tourists across Malaysia, Singapore and East Europe.

IHH's past efforts in capturing the international tourist market share via its cluster strategy is bearing fruit as medical tourists return to medical hubs in Malaysia and Singapore, as well as Turkey and Europe. Capturing of international tourists seeking delayed procedures of mostly specialised services look to shift IHH's revenue mix away from lower-margin covid related services to higher-margin specialised services, of which many patients are privately insured.

**Capital gains from Malaysia disposal to aid locally and internationally.** IHH will be selling-off profitable International Medical University, which will reduce revenues in the near future. However, IHH will look to refocus and improve current operational efficiencies around its core business with gains from asset disposals. We believe that the profitable divestment provides IHH the resources to shift gears and reap larger profits from its core business, as well as allowing it to horizontally expand into higher margin lucrative avenues such as its lab business.

**Indian turnaround operations to bear fruit in near future.** In India, although Fortis has been mired in a legal dispute for the past 4 years, IHH remains a major shareholder in Fortis and has stated that it will continue its plans to rebrand Fortis under the Parkway brand. IHH also continues to grow Fortis' revenue in the near future through increasing operational efficiencies, further increasing the revenue it already generates from being the 2nd largest hospital group in India. Given that IHH is preparing to position Fortis as a premium healthcare provider through the rebranding in India, future profits from the region look to be higher margin. This also comes as the upper-middle class demographic in India grows concurrently with higher private insurance take up rates.

**Ramp down in capex in China, looking to focus instead on existing operations.** In China, IHH is slowing down greenfield expansion plans as it refocuses its strategy on ROE growth. This allows the region to begin reaping profits from its previous hospitals (insert examples). The reduction of high debt interest payment stemming from capex during the construction periods also look to increase net earnings from this region. Similarly, to India, China is also an emerging market, with a high growth rate of upper-middle class patient population catchment. This looks to increase revenues and profitability in the future as IHH's target demographic for its premium healthcare services grows.

Across all regions, IHH's aggressive operating cost saving measures and decreased interest payments from lower capex will also help in increase net earnings.

### Revenue and Profitability (Segmental)

On a segmental basis, IHH currently experiences the taper-down of covid-related services. However, it has invested heavily at an opportune time over the last two years into lab services, and the revenue as well as margins from that segment looks to continue to grow at a healthy rate as regular testing becomes the norm globally.

Figure 18: IHH: Key Ratios

Ratios				
Adj. tax rate	14.8%	17.6%	22.7%	22.3%
Interest cover	7.9	11.7	11.1	12.3
Net debt/Equity	0.2	0.2	0.2	0.1
Net debt/EBITDA	1.4	1.4	1.1	0.7
ROCE	7.1%	6.3%	6.1%	6.8%
ROE	7.2%	6.7%	6.8%	7.4%

Source: J.P. Morgan

### Leverage and Liquidity

IHH operates within a capital-intensive industry. Its main growth drivers are through mergers and acquisitions and building new hospitals. High debt levels are the norm within the industry. Despite this, IHH has a net debt to equity ratio of 19% and manages to cover interest payments at 4.27x with operating cash flow. Current ratio is also satisfactory at 1.41x and after divestment of non-core assets, cash balances are expected to increase, further strengthening the company's balance sheet. We see minimal downside risk in this aspect and do not believe IHH is prone to liquidation.

### Capital investments

Given the capital-intensive nature of the industry, IHH has historically poured a significant amount of cash into cash flow for investing activities, strategically acquiring other companies and building new hospitals in China. However, management's refocusing from expansion through such capital-intensive strategies to ROE growth in its core business would lead to a significant decrease in capex. We expect cash flow from operating activities to increase as well as interest payments decrease due to decrease take-up of debt to fund capital intensive initiatives. Looking forward, free cash flow is likely to increase significantly with divestments of non-core assets, reduction of capital expenditures as well as decrease in debt payments.

## VALUATION

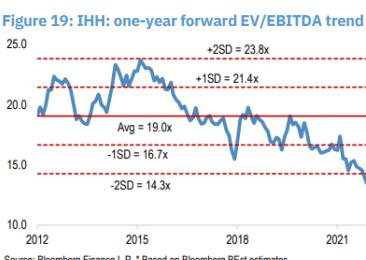
IHH TP of 2.20SGD based on FY23E target EV/EBITDA of 19x. This represents a 15% upside on the current price. Our current price is based on a relative EV/EBITDA valuation model incorporating IHH's dominant position in the industry and refocusing on ROE growth.

### Valuation | EV/EBITDA

Given IHH's significant depreciation charges, we adopt EV/EBITDA as the benchmark valuation method. EV/EBITDA may also be measured objectively and is appropriate to compare between businesses within the same industry with vastly diverse capital structures, while also being the standard metric used when valuing hospitals. We grouped the EBITDA of all operations and pegged an FY23E target EV/EBITDA of 19x to derive our price target. This is consistent with the ten-year historical mean of 19x for the company.

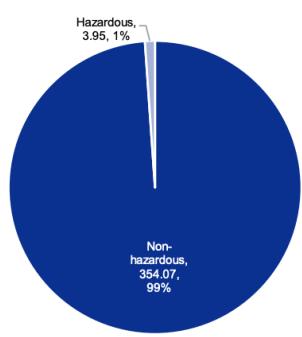
Future expansion will be fueled by a ROE enhancement strategy that combines a cluster approach, the sale of non-core assets, and substantial pent-up demand. We are of the opinion that IHH will be able to execute their strategy given their historical success with acquisitions and shake-ups in the acquired company's operations.

Despite no reduction in projections from other investment houses, valuations have decreased due to the global risk averse, inflationary environment. We believe that the record high fed hike rates has also led investors to flee to other asset classes in the recent months. We believe the fundamentals of the company are strong and that the company is undervalued due to external factors. Given that IHH is not a core asset of both local and overseas institutional investors, we believe that price increases can be realized in the near future as institutions engage in incremental buying as they price in the strong fundamentals of the company.



## INVESTMENT RISKS

Figure 19: IHH: Waste generation in FY20 (tonnes)



### External economic factors

**Looming economic downturn may adversely impact relatively elastic demand for premium healthcare.** Home markets, such as Singapore or China, have extensive public healthcare systems which the population can turn to for more affordable healthcare. In times of economic downturn, there may be a considerable shift to public hospitals and patients choosing to delay minor surgery and other non-urgent medical procedures, as was the case in 2016 when Malaysia faced cost-of-living and inflationary pressures. However, the impact is likely to be minuscule given that IHH's affluent customer base, which is less affected by recessions. During 2008 despite the global financial crisis, the revenue of listed ASEAN hospitals grew 18% y/y, demonstrating the resiliency of private healthcare demand in the region.

### Delay in Greenfield projects

**Longer-than-expected gestation periods for greenfield projects in the Greater China region.** Gleneagles HK (GHK) was completed in 2017 and only achieved EBITDA breakeven in FY21. Considering that GHK is a large hospital with total bed occupancy of 500 and the COVID-19 pandemic, time taken to breakeven is reasonable. However, Gleneagles Chengdu (completed in 2019) and Gleneagles Shanghai (opened in 2020) is yet to breakeven, along with Parkway Shanghai set to be open by FY22. If these projects take longer than expected to recoup its high initial startup costs, IHH's bottomline may lag behind.

### Management deviation from ROE strategy

**Management does not remain focused on ROE growth strategy. Subsidiaries diverting from the group's strategy.** IHH's ROE growth strategy remains intact. However, the company may return to acquisition mode and acquire an additional 26% of Fortis if the Indian Supreme Court decision is favourable and IHH hikes its offer price. Nevertheless, Mitsui, which holds a majority share (32.8%) of IHH, can initiate a management shake-up if there is any deviation to the growth strategy.

### Other risks

Other risks: 1) A longer turnaround for COVID-19 than anticipated. 2) Potential limitations and fluctuating currencies in Eastern Europe region. 3) Emergency laws in China might be passed amidst the surge in COVID-19 cases to seize equipment and supplies from private hospitals so they can treat COVID-19 patients.

Figure 20: IHH: Hazardous waste generated in FY20 (tonnes)

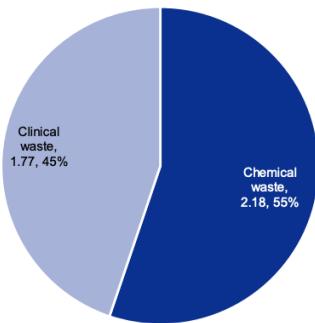
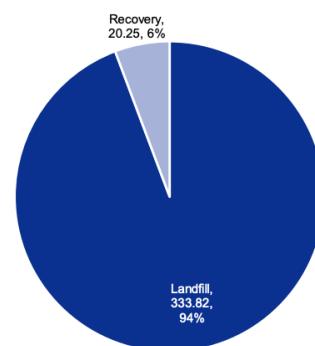


Figure 21: IHH: Disposal methods of non-hazardous waste in FY20 (tonnes)



## ENVIRONMENT, SOCIAL, GOVERNANCE (ESG) (cont.)

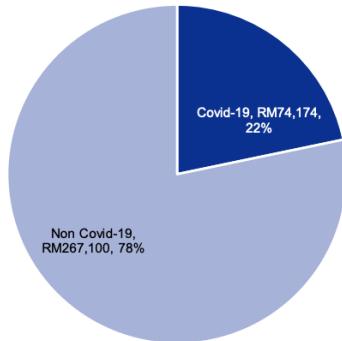
### Environment:

**For the hospital sector, the Social and Governance pillars have more weight than the environmental pillar.** IHH has made effort to have some of its buildings comply with green standards and ensure proper disposal and minimise the generation of hazardous and non-hazardous waste where possible (Figs 20 to 22). IHH complies with national waste management regulations stringently and engages licensed contractors for the proper disposal of clinical waste. The group implements and raises awareness among employees on waste reduction practices, including 3R (Reduce, Reuse, Recycle) practices. While there was no mention in its 2020 annual report, IHH included sustainability scope in green building and resource consumption in its 2017 annual report. IHH remains committed in reducing energy consumption and has listed down its energy-saving initiatives in the 2017 annual report.

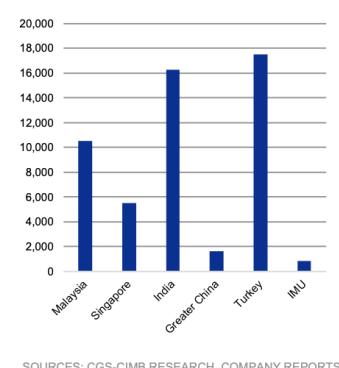
Figure 22: IHH: IHH's award/certification in green buildings - 2017

Hospital	Award/Certification
Glenaeagles Kuala Lumpur Block B	Gold GBI Rating
Mount Elizabeth Novena Hospital	Green Mark Platinum Award (Highest award in the Green Mark rating system)
Acibadem Altunizade Hospital	LEED Gold Certification
Continental Hospitals India	First multi-specialty hospital in India to be LEED certified

**Figure 22: IHH: Community contributions from IMU as at 2020**

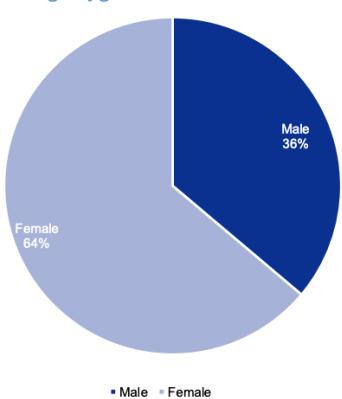


**Figure 23: IHH: Total employee strength - FY20**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 24: IHH: Overall group total employee strength by gender = FY20**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Social:

This consist of 3 aspects which are product responsibility, community, and the workforce.

### Social | Product Responsibility

**Patient safety** – IHH implements various initiatives to instil the importance of patient safety. These initiatives include establishing policies and guidelines, providing training to medical staff on how to improve patient safety and maintaining open lines of communication to better understand the needs of its patients. Eg: For example, misuse of antibiotics has led to bacteria becoming more resistant to medication. As such, IHH accommodates the need to regulate medicine for patient safety through Antimicrobial Stewardship Programme (AMS). It uses a systematic approach that investigates appropriate selection, dosage, and duration.

**Customer satisfaction** – IHH's patient satisfaction management system involves engaging with patients using methods such as patient surveys, feedback mechanisms and complaint reports. Eg: IHH has a partnership with Acibadem University (ACU), a member of the Acibadem Ecosystem to enhance the quality of care. With this, Acibadem hospitals receive support from ACU to identify and create relevant clinical quality indicators to improve and assess their quality of care that bridges the gap in patients.

**Patients' data and medical records** – While digitalisation has enhanced operational efficacy and the delivery of services and products, it has also raised concerns on privacy and management of medical records such as duplicate records and inappropriately merged records from separate individuals. In each of the region that IHH operates, IHH complies with the national legislation pertaining to personal data protection. It implements procedures, guidelines and policies that protect the confidentiality and availability of patients' medical records.

### Social | Community

**Affordability and access to healthcare** – IHH manages a mixture of insurance coverage and offers alternative pricing mechanisms for uninsured patients. In Malaysia, IHH offered free medical treatments to underprivileged patients (Fig 10). This is thanks to the Artificial Intelligence (AI) pricing system that IHH introduced in 2018 which helped to improve its operations by providing bill estimate accuracy within the 80% range. IHH's Value Driven Outcome (VDO) initiative aimed at better identifying and predicting the outcomes and costs of care. The has been implemented for four common high-volume and high-impact procedures – Total Knee Replacement (TKR), colonoscopy, Anterior Cruciate Ligament Surgery (ACL) and Percutaneous Coronary Intervention (PCI). This has made healthcare more affordable in such cases like Malaysia (Fig 25).

**Community involvement** – During the Covid-19 pandemic, IHH aided the government in different countries in various measures to the pandemic (appendix Fig 11). IHH contributed to the community via its education arm, International Medical University (IMU) in Malaysia. In 2020, IMU contributed RM341,273.81 (for both Covid-19 and non-Covid 19) to local communities through its community engagement platform IMU Cares (Fig 22). IMU also raised awareness on the Covid-19 pandemic through education programmes.

**Crisis management system** – In line with the regulations of countries and the recommendations set out by WHO, IHH is well prepared to handle emergencies with its Emergency and Crisis Response (ECR) plans to provide medical care during the pandemic.

### Social | Workforce

**Diversity** – IHH operates globally. There are 4 females in IHH's 9-member team. On 30 Sep 2020, IHH's total workforce comprised 52,261 employees across six markets. Most are based in Turkey and Central and Eastern Europe followed by India, Malaysia, Singapore, and Greater China. Given the nature of the healthcare industry, most countries have a higher proportion of female employees. Overall, 64% of IHH's employees are female. In addition, IHH has specialist consultants who speak different languages to promote diversity and facilitate communication between its staff and patients who come from diverse backgrounds.

**Talent recruitment and retention** – Annual benchmarking is conducted against key industry players to ensure its employees are compensated accordingly. IHH has pathways to provide employees with career development opportunities. For the group to identify employee expectations of its clinical and non-clinical staff, IHH conducts employee engagement surveys annually and biennially, depending on the home market. Training is provided to address identified skill gaps and to enhance the abilities of its workforce.

**Occupational safety and health** – IHH's system complies with occupational safety and health (OSH) legislation and standards. Risk management is carried out through a series of procedures such as hazard assessments, controls, and incident reporting. The obtained results are reported and discussed by key personnel at weekly and monthly meetings. IHH has an occupational safety and health committee in every IHH hospital and clinic.

**Figure 25: IHH: Case study: Malaysia - IHH's selected initiatives to improve affordability and accessibility to healthcare**

Programme's objectives	Location	Description
To provide free medical treatment to underprivileged patients	All Parkway Pantai Hospitals in Malaysia	Life Renewed Programme From 2012 to 2017, this programme was supported by the Khazanah-IHH Healthcare Fund with over RM40m distributed to provide medical treatment to the needy. Since 2018, the Life Renewed Programme has been continuing and is internally funded by ParkwayPantai. More than 1,900 underprivileged patients in Malaysia have benefited from this programme and gained access to the expertise of Parkway Pantai's network of healthcare professionals and medical facilities.
To give back to the community through free or sponsored medical treatments	Glenelages Kuala Lumpur	The A-Heart For A-Heart programme by Glenelages Kuala Lumpur provides medical intervention for children with congenital heart disease who come from a low-income background.
	Glenelages Penang	The Heart-to-Heart programme is an initiative by Glenelages Penang, which began 10 years ago to provide surgery for children with congenital heart disease.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 27: Independent non-executive directors made up 54% of IHH's board composition - Jan 2021

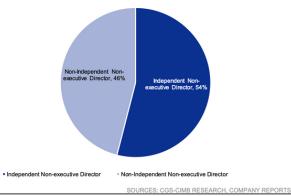
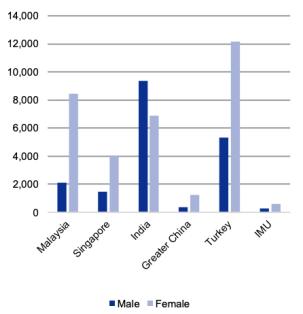


Figure 28: Total employee strength by gender -- FY20



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## ENVIRONMENT, SOCIAL, GOVERNANCE (ESG)

Figure 26: Community involvement in 2020

Country	Activities
Malaysia	Allocated 200 beds to treat non-Covid 19 patients transferred from public hospitals. Pledged >RM24m to subsidise the medical treatment of patients going to public hospitals. Loaned out 20 ventilators to public hospitals
Singapore	Facilitated the mobilisation of an experienced infectious disease physician to support MOH in managing the Covid-19 outbreak in the state of Sabah. This physician has been selected as the technical member in the Government assessment programme for a Covid vaccine and is the only member from a private hospital in the National Covid vaccine committee. Collaborated with MOH to increase the testing capacity for Covid-19. Accepted stable and recovering Covid-19 patients from public hospitals. Singapore has admitted and discharged >350 patients. Conduct swab testing for more than 11,500 people in dormitories, polytechnics and other locations. Also operate temporary testing centres for a month.
Turkey and Central and Eastern Europe	All Acibadem hospitals in Turkey have been declared "Pandemic Hospitals" by government decree and have designated wards for Covid-19 patients and persons under investigation.
Hong Kong	On 1 Sep 2020, the government of Hong Kong set up its Universal Community Testing Programme, with 141 testing centres across the 18 districts. IHH volunteered its services at the Wong Chuk Hang Covid-19 testing centre which offers free Covid-19 swab tests to all Hong Kong residents.

**Capability building** – IHH sets aside an annual budget for training and development programmes to equip its employees with the latest industry knowledge. These programmes focus on leadership, quality improvement, service, life support, digitalisation, and nursing. In 2020, IHH spent a total of S\$591,818 on employee capacity building in Singapore. The group also offers high-performing employees the opportunity to further their studies and obtain diplomas and degrees through providing financial assistance. In 2020, a total of 52 employees received this opportunity to further their studies.

**Safety and well-being** – In light of the Covid-19 pandemic, IHH ensured that its frontline staff were equipped with appropriate and sufficient personal protective equipment and given care packs with hand sanitizers and vitamin C supplements. IHH also distributed tokens of appreciation, such as ice-cream treats and self-care products to boost employee morale. Among other safety and well-being measures taken during 2020 were staggered working hours before transitioning the employees to work from home, encouraging employees to take annual leave and professional in-house counselling for employees who felt anxious and emotionally affected by Covid-19.

### Governance

**Renumeration** - The Executive Directors' remuneration package is designed in such a way that links the rewards to corporate and individual performance. The group discloses remuneration of its MD and CEO, Dr Kelvin Loh. 23% of Dr Kelvin's remuneration is based on a fixed salary with the remaining mainly coming in the form of bonus and incentives which hinge on his performance.

**Board of Directors** - Excluding two alternate directors, IHH has 14 members on the board of directors, of which eight are independent, nonexecutive directors. Independent, non-executive directors include chairman of the group, Dato Mohammed Azlan bin Hashim whose duties are separated from the managing director and CEO, Dr Kelvin Loh. The roles and responsibilities of the Chairman and MD & CEO are separated and clearly defined in the Board Charter. Hence, IHH has sufficient independence from its board of directors. All directors attended 8 meetings in 2020. The board complies with the MCGC recommendations, which states that the tenure of an independent director should not exceed a cumulative term of nine years. It has also adopted a Boardroom Diversity Policy.

**Favourable results from BDEE** - IHH engaged an independent expert as an external facilitator to facilitate the Board & Director Effectiveness Evaluation (BDEE) in 2020. IHH's Board had engaged an independent expert as an external facilitator to facilitate the Board & Director Effectiveness Evaluation (BDEE) in 2020. Overall, the results of BDEE demonstrated that the board is working well given its organisational model and board structure and that the directors have demonstrated a high level of commitment to their fiduciary duties as well as consistently fulfilled their responsibilities.

**Board Committees** - The board comprises of Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Steering Committee. The Risk Management Committee to oversee the group's overall risk management. Each committee comprises three independent non-executive board members.

**Limits of Authority and whistleblowing policy** - This prescribes the authority limits for the board, board committees, managing director & Chief Executive Officer (MD & CEO) and senior management personnel, to facilitate compliance with the principles of good corporate governance. The whistleblowing policy ensures that whistle-blowers are protected from reprisals or victimisation.

## APPENDIX

Figure 1: IHH's holdings and subsidiaries

OPERATING SUBSIDIARIES	
 <b>Parkway Pantai</b> (100% Owned)	<ul style="list-style-type: none"> <li>One of Asia's largest integrated private healthcare groups</li> <li>Widespread network of 29 hospitals throughout the region, including Malaysia, Singapore, India, Greater China and Brunei</li> <li>Most prestigious brands in Asia: "Mount Elizabeth", "Gleneagles", "Pantai", "Parkway" and "ParkwayHealth"</li> <li>Has a 35.66% equity interest in ParkwayLife REIT</li> </ul>
 <b>ACIBADEM</b> (90% Owned)	<ul style="list-style-type: none"> <li>Turkey's leading private healthcare provider, offering integrated healthcare services across 22 hospitals in Turkey, Bulgaria, Macedonia and the Netherlands</li> <li>The "Acibadem" brand is renowned for its clinical excellence in the Central &amp; Eastern Europe, Middle East and North Africa ("CEEMENA") region</li> </ul>
 <b>IMU</b> INTERNATIONAL MEDICAL UNIVERSITY MALAYSIA <b>IMC</b> INTERNATIONAL MEDICAL COLLEGE (100% Owned)	<ul style="list-style-type: none"> <li>IHH's medical education arm</li> <li>Oversees the established higher learning institutions of International Medical College ("IMC") and International Medical University ("IMU") in Malaysia</li> </ul>
 <b>Fortis</b> (31.1% Owned)	<ul style="list-style-type: none"> <li>Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India</li> <li>The company operates 29 healthcare facilities in India, Dubai and Sri Lanka</li> </ul>

Figure 2: Percentage of Revenue from COVID-related services

Malaysia	<ul style="list-style-type: none"> <li>COVID lab testing</li> <li>Allocated about 10% of our beds for COVID patients</li> <li>Treating non-COVID patients from government hospitals</li> <li>19 vaccination centres</li> <li>Drive thru vaccination service</li> </ul>	12%
Singapore	<ul style="list-style-type: none"> <li>Border screening</li> <li>On-arrival testing</li> <li>COVID lab testing</li> <li>Allocated about 15% of our beds for COVID patients</li> <li>4 vaccination centres</li> </ul>	24%
Turkey & Europe	<ul style="list-style-type: none"> <li>COVID lab testing</li> <li>Treating COVID patients</li> <li>Administered vaccination</li> </ul>	9%
India	<ul style="list-style-type: none"> <li>COVID lab testing</li> <li>Treating COVID patients</li> <li>Administered vaccination</li> </ul>	31%

HLB Research

Figure 3: IHH's Laboratories services in each home market

Laboratories / Accreditations	Leadership position in country** (in revenue)	Labs
 <b>Parkway Laboratories</b>	 	5
 <b>PANTAI PREMIER PATHOLOGY</b>	 	30
 <b>ACIBADEM LABMED</b>	 	28
 <b>SRL Diagnostics</b> (via Fortis)	 	420+

## APPENDIX

**Figure 4: IHH's holdings and subsidiaries**

### Acibadem



Setting the healthcare benchmarks in Turkey and the region, this visionary brand combines the top experts and latest technology with the contemporary sophistication of a five-star hotel, offering generous personal space and attention to detail.

### Mount Elizabeth



The two hospitals in Singapore are among the world's top destinations for medical treatment, known for top experts, excellent clinical outcomes and exceptional personalised service.

### Gleneagles



Located in our key Asian markets, this world-class private hospital brand is known for its international standing and stature, delivering superior clinical outcomes in extensive modern facilities.

### Pantai



Conveniently located across Malaysia, Pantai proudly serves families and communities with quality healthcare, always delivered with friendly, familiar smiles.

### Our Portfolio of Excellence in Healthcare

We are proud of our leading brands in our various markets, each underpinned by an outstanding reputation for clinical outcomes and quality care.

### Parkway



Born in Singapore, Parkway is one of Asia's leading brands in private healthcare, offering the full spectrum of integrated healthcare services from clinics to hospitals and a wide range of ancillary services. Brands include Parkway Hospitals, Parkway Shenton, Parkway Laboratories and Parkway Radiology.

### Fortis Healthcare



Fortis Healthcare is a leading integrated healthcare delivery service provider in India. The healthcare verticals of Fortis primarily comprise hospitals, diagnostics and day care specialty facilities.

### Prince Court Medical Centre



Prince Court, a distinguished hospital for Malaysians, expatriates and medical tourism patients, is recognised for its outstanding achievements and breakthroughs in medicine.

### IMU



The International Medical University (IMU) is an educational arm that combines research and healthcare practice to develop knowledgeable, competent and caring healthcare professionals. Together with IMU Healthcare, the group improved the health of patients and communities by synergising care and providing quality integrated healthcare facilities.

### Sector valuation snapshot

**Figure 5: Asian listed healthcare valuations comparison (Financial year)**

Company	Ticker	Price (LC)	Rating	PT (LC)	Market cap (USD mn)	3M ADTV US\$mn	P/E (x)	EV/EBITDA (x)	P/B (x)	ROE (%)	Dividend yield (%)
							FY22E FY23E	FY22E FY23E	FY22E FY23E	FY22E FY23E	
IHH Healthcare	IHH MK	6.09	OW	7.00	11,154	7.8	35.1 33.2	15.6 14.9	2.3 2.2	6.7 6.8	1.0 1.0
KPJ Healthcare	KPJ MK	0.80	N	0.90	733	0.3	35.9 27.1	11.2 10.4	1.5 1.5	4.6 5.8	1.5 1.9
Bangkok Dusit Medical	BDMS TB	28.50	N	25.00	11,812	36.0	43.8 43.2	22.7 22.6	5.2 5.1	12.1 12.0	1.6 2.0
Bumrungrad Hospital	BH TB	230.00	UW	148.00	4,768	39.7	46.6 44.8	29.9 29.2	9.8 9.0	21.9 21.0	1.4 1.4
Bangkok Chain Hospital	BCH TB	17.70	NC	-	1,151	8.3	10.6 21.8	7.2 12.5	3.1 3.0	31.1 14.7	4.4 2.3
Chularat Hospital	CHG TB	3.58	NC	-	1,027	3.9	13.2 28.0	9.6 17.7	4.8 4.7	36.3 17.6	4.6 2.6
Fortis Healthcare	FORH IN	272.15	NC	-	2,479	8.4	42.7 32.9	19.7 16.7	3.1 2.8	7.3 8.8	0.0 0.0
Apollo Hospitals	APHS IN	4,322.50	NC	-	7,500	30.7	62.0 43.6	28.2 22.1	9.6 8.1	16.5 19.8	0.2 0.3
Mitra Kelurga	MIKA IJ	2,780.00	OW	3,100	2,595	2.3	33.8 30.7	22.0 20.0	6.2 5.6	21.8 21.9	1.8 1.8
Siloam International	SILO IJ	1,015.00	NC	-	847	0.1	29.0 24.0	7.5 6.7	2.0 1.9	6.9 8.0	1.8 1.3
Phoenix Healthcare Grp	1515 HK	4.28	NC	-	712	1.0	11.6 10.1	6.3 5.8	0.8 0.7	6.5 7.4	2.8 3.3
Raffles Medical Group	RFMD SP	1.23	NC	-	1,599	2.1	23.7 24.6	12.5 13.0	2.3 2.2	9.8 8.9	2.2 2.1
<b>EM listed hospitals</b>					<b>46,378</b>		<b>41.3 37.2</b>	<b>20.7 19.5</b>	<b>5.3 4.9</b>	<b>13.4 13.2</b>	<b>1.3 1.3</b>
<b>Ex. IHH</b>					<b>35,224</b>		<b>43.2 38.4</b>	<b>22.3 20.9</b>	<b>6.2 5.7</b>	<b>15.6 15.2</b>	<b>1.4 1.5</b>
<b>Ex. Fortis</b>					<b>32,745</b>		<b>43.2 38.8</b>	<b>22.5 21.2</b>	<b>6.5 5.9</b>	<b>16.2 15.7</b>	<b>1.5 1.6</b>
Ramsay Health Care	RHC AU	57.26	OW	71.00	8,164	34.3	34.4 25.3	11.4 10.0	3.3 3.1	9.6 12.7	1.8 2.2
Community Health Systems	CYH US	2.38	NC	-	321	9.4	-	16.6 9.5	8.1 -	17.7 0.6	0.0 0.0
HCA Holdings	HCA US	208.61	N	235.00	59,876	291.7	12.3 11.4	8.3 8.0	-23.1 -34.1	-276.8 -236.4	1.0 1.1
Select Medical Holdings	SEM US	23.59	NC	-	2,970	14.7	13.0 9.0	9.8 8.0	4.0 3.3	18.2 25.7	1.1 1.1
Tenet Healthcare Corp	THC US	54.32	NC	-	5,861	70.3	8.7 7.7	6.7 6.3	3.2 2.4	49.5 42.0	0.0 0.0
Universal Health Services-B	UHS US	94.05	NC	-	6,884	67.5	9.6 8.3	7.0 6.6	1.2 1.1	11.8 12.8	0.8 0.9
<b>DM listed hospitals</b>					<b>84,076</b>		<b>14.0 12.2</b>	<b>8.5 8.0</b>	<b>-15.6 -23.6</b>	<b>-191.1 -162.2</b>	<b>1.0 1.1</b>
<b>Ex HCA</b>					<b>24,200</b>		<b>18.0 14.1</b>	<b>8.8 7.9</b>	<b>2.7 2.4</b>	<b>21.0 21.2</b>	<b>1.0 1.1</b>

Source: Bloomberg Finance LP; consensus estimates for NC stocks, J.P. Morgan estimates for covered companies. Dated as of 20 Oct 2022.

## APPENDIX

Figure 6: Daily room rates comparison of top private hospitals in Singapore (2021)

Company	IHH	IHH	IHH	IHH	Raffles	Thomson
Hospital	Gleneagles Hospital	Mount Elizabeth Hospital	Mount Elizabeth Novena Hospital	Parkway East Hospital	Raffles Hospital	Thomson Medical Centre
# of beds	258	345	333	106	380	187
Pricing range (\$\$)	\$ - \$\$\$	\$ - \$\$\$	\$\$\$	\$ - \$\$	\$\$ - \$\$\$	\$ - \$\$
Suites	1,288 - 8,088	1,288 - 10,488	1,498 - 15,388	888	919 - 5,888	1,110 - 1,960
Single room	722 - 998	728	768 - 868	698 - 768	708 - 888	590 - 740
Two bedded	329	340	-	305	368	330
Four bedded	274	291	-	255	-	235

Source: Company websites

Figure 7: Daily room rates comparison of top private hospitals in Kuala Lumpur and Selangor (2021) )

Company	IHH	IHH	IHH	KPJ	Sunway	Sime Darby
Brand	Gleneagles	Pantai	Prince Court	KPJ	Sunway	Ramsay
Hospital / location	Kuala Lumpur	Kuala Lumpur	Prince Court	Damansara	Sunway City	SJMC
# of beds	365	364	277	232	617	444
Pricing range (RM)	\$ - \$\$\$	\$ - \$\$	\$\$	\$ - \$\$	\$ - \$\$	\$ - \$\$\$
Suites	800 - 3,800	630 - 1,138	1,288 - 2,888	750 - 1,250	700 - 1,288	1,288 - 3,688
Single room	250 - 380	238 - 688	280	230 - 850	268 - 350	230 - 650
Two bedded	160	138 - 168	-	160 - 180	150	150
Four bedded	100	98 - 118	-	95 - 120	95	95

Source: Company websites

Figure 8: Case study: Turkey and Central and Eastern Europe

Clinical quality indicators	Target for FY20	Performance in FY20
Surgical area infection rate	3.1%	0.5%
Decubitus ulcer rate	3.0%	0.5%
Falling patient incident rate	0.8%	0.2%
Inpatient and outpatient satisfaction rate	90.0%	92.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Accreditations for IHH's healthcare facilities in Turkey, Central and Eastern Europe

Facility	Accreditation
Acibadem Adana, Turkey	
Maslak, Turkey	
Altunizade, Turkey	
Acibadem Sistina Hospital, Macedonia	Joint Commission International (JCI) accreditation
Acibadem City Clinic Cardiovascular Hospital	
Acibadem City Clinic Mladost Hospital, Bulgaria	
Acibadem Atakent Hospital, Turkey	Accredited as an Academic Medical Centre

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## APPENDIX

**Figure 10: Case study: Malaysia - IHH's selected initiatives to improve affordability and accessibility to healthcare**

Programme's objectives	Location	Description
To provide free medical treatment to underprivileged patients	All Parkway Pantai Hospitals in Malaysia	Life Renewed Programme From 2012 to 2017, this programme was supported by the Khazanah-IHH Healthcare Fund with over RM40m distributed to provide medical treatment to the needy. Since 2018, the Life Renewed Programme has been continuing and is internally funded by ParkwayPantai. More than 1,900 underprivileged patients in Malaysia have benefited from this programme and gained access to the expertise of Parkway Pantai's network of healthcare professionals and medical facilities.
To give back to the community through free or sponsored medical treatments	Gleneagles Kuala Lumpur	The A-Heart For A-Heart programme by Gleneagles Kuala Lumpur provides medical intervention for children with congenital heart disease who come from a low-income background.
	Gleneagles Penang	The Heart-to-Heart programme is an initiative by Gleneagles Penang, which began 10 years ago to provide surgery for children with congenital heart disease.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 11: Community involvement in 2020**

Country	Activities
Malaysia	Allocated 200 beds to treat non-Covid 19 patients transferred from public hospitals. Pledged >RM24m to subsidise the medical treatment of patients going to public hospitals. Loaned out 20 ventilators to public hospitals Facilitated the mobilisation of an experienced infectious disease physician to support MOH in managing the Covid-19 outbreak in the state of Sabah. This physician has been selected as the technical member in the Government assessment programme for a Covid vaccine and is the only member from a private hospital in the National Covid vaccine committee. Collaborated with MOH to increase the testing capacity for Covid-19.
Singapore	Accepted stable and recovering Covid-19 patients from public hospitals. Singapore has admitted and discharged >350 patients. Conduct swab testing for more than 11,500 people in dormitories, polytechnics and other locations. Also operate temporary testing centres for a month. Parkway Pantai was the first private hospital in Singapore to provide Covid-19 polymerase chain reaction (PCR) testing.
Turkey and Central and Eastern Europe	All Acibadem hospitals in Turkey have been declared "Pandemic Hospitals" by government decree and have designated wards for Covid-19 patients and persons under investigation.
Hong Kong	On 1 Sep 2020, the government of Hong Kong set up its Universal Community Testing Programme, with 141 testing centres across the 18 districts. IHH volunteered its services at the Wong Chuk Hang Covid-19 testing centre which offers free Covid-19 swab tests to all Hong Kong residents.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS